

444 South Flower Street - Suite 2400
Los Angeles, California 90071-2953
voice 213.236.0600 - fax 213.236.2700
www.bwslaw.com

Direct No.: 213.236.2811
cjohnsonhartwell@bwslaw.com

CONFIDENTIAL

CITY OF HAWTHORNE

INVESTIGATIVE REPORT

RE: Director of Finance, Rickey S. Manbahal

By: Cheryl Johnson-Hartwell, Esq.

May 11, 2018

FINDING: Sustained. The Investigator finds there is sufficient evidence to sustain the allegation that Mr. Manbahal received a \$25,000 payment from City funds in 2014 and has not repaid this amount.

RATIONALE FOR FINDING:

Receipt of Payment

Mr. Manbahal admits that he was given a \$25,000 payment from City funds in November 2014. He authenticated the requisition for the payment and his signature on the cancelled check. [Exhibits 1 and 4.] Mr. Manbahal further admits that the \$25,000 payment was intended to be a loan and that he agreed to repay the loan using his accrued administrative time and sick leave time. Mr. Manbahal stated that the loan and repayment plan were suggested and approved by Mr. Goodson. He also stated that the payment to him was approved by City Council as part of their regular meeting agenda item to approve warrant runs. A warrant run dated November 3, 2014 lists a check in the amount of \$25,000 made out to Shamindra Manbahal⁴ with a description of "Advance for Emergency." [Exhibit 10.]

Repayment of Loaned Amount

Mr. Manbahal did not keep track of the leave deductions made to his accrued time. [REDACTED] and [REDACTED] did keep track and according to their calculations, the total "value" of the leave time deducted from Mr. Manbahal's accrued time was \$14,412.31. Mr. Manbahal does not dispute that this is an accurate calculation of the "value" of the deductions taken from his paychecks.⁵ Since the loan amount was \$25,000, the loan has not been paid in full using the leave deductions as calculated in Exhibit 3.

The Investigator also finds that the calculated "value" of the leave deductions did not pay back the loan.

Both [REDACTED] stated that administrative leave time has no cash value. Under the Memorandum of Understanding between the City of Hawthorne and the Hawthorne Executive Group (the "MOU") effective during the time that Mr. Manbahal was deducting leave time (July 2015 through October 2017), administrative leave time had no cash value. [Exhibits 7 and 8.] Section 6.3(B) of the MOUs states: "Administrative leave shall not be convertible to cash or deferred compensation." [Id.] Thus, the Investigator finds that the 92.400 hours of administrative time calculated on the chart in Exhibit 3, and deducted from Mr. Manbahal's paychecks between July 2015 and October 2017 did not repay the loan. The Investigator calculates the "value" of this administrative leave time at \$7,089.02. [Exhibit 11.]

⁴ Several witnesses, including Mr. Manbahal stated that this is Mr. Manbahal's full legal name.

⁵ The Investigator notes that there is a calculation error on the chart in Bates 005-007. The Investigator calculated a different total amount as demonstrated in Exhibit 11.

Both [REDACTED] and [REDACTED] stated that there are limitations on when a City employee can cash out sick leave time. They also both stated that there is a limit on how much leave time the employee can cash out. Section 6.5(C) of the relevant MOU states "All regular full time employees may cash out up to 120 hours of sick leave annually." [Exhibits 7 and 8.] This annual cash out occurs in a lump sum amount "on the first payroll date in December," not in small amounts throughout the year. [Exhibits 7 and 8.] According to the chart in Exhibit 3,⁶ Mr. Manbahal cashed out the following sick leave time in repayment of the loan:

Year	Pay Periods	Amount of Leave	Total Hours
2015	14	1.85	25.9
2016	25	1.85	46.25
2017	21	1.85	38.85

Multiple witnesses, including Mr. Manbahal, also stated that there was a period during which City employees were not permitted to cash out sick leave time without special approval. It is not clear whether this prohibition applied to executive employees like Mr. Manbahal. Notably, there is a provision in the MOU applicable to non-executive employees that references the freeze period. [Exhibit 9, Bates 132 and 134.] There is no similar provision in the MOU applicable to executive employees like Mr. Manbahal. [Exhibits 7 and 8.] According to [REDACTED] and [REDACTED] the process for obtaining approval for a cash-out during the freeze period was to complete a special payout form and get approval from a department head and the City Manager. The Investigator was given no documentation showing that Mr. Manbahal received approval for a special payout during this period. However, Mr. Manbahal stated that Mr. Goodson approved his use of sick leave time to repay the loan. The Investigator finds that the 110.71 hours of sick leave time deducted from Mr. Manbahal's paychecks had a cash value of \$8,516.03.⁷ [Exhibit 11.]

Thus, the Investigator finds there is sufficient evidence to sustain the allegation that Mr. Manbahal received a \$25,000 payment from City funds in 2014 and has not repaid this amount.

Due to the limited scope of the Investigator's engagement, the Investigator makes no findings regarding whether the loan to Mr. Manbahal was a violation of City policy. The Investigator requested copies of any City policies governing loans to employees and was told that none existed. Similarly, the Investigator makes no findings regarding whether Mr. Manbahal's use of accrued sick leave time was in accordance with the applicable MOUs, was permitted during the

⁶ The Investigator did not request and was not given Mr. Manbahal's Time and Attendance Reports for the entire period of his employment. Thus, the Investigator cannot confirm the accuracy of the information in the chart in Exhibit 3. In other words, there could be additional periods for which Mr. Manbahal's leave time was deducted that are not listed on the chart. Similarly, some of the deductions on the chart may not have appeared on his Time and Attendance Reports. However, all of the Time and Attendance Reports the Investigator reviewed contain the deductions and are listed on the chart in Exhibit 3.

⁷ The Investigator notes that the chart at Bates 005-007 is internally inaccurate. The total sick hours (110.71) plus the total administrative leave hours (92.400) adds up to 203.11 hours. The chart lists a total number of hours of 198.49. As a result, the Investigator calculated the value of the deducted hours as indicated in Exhibit 11.

freeze period, or was a permissible means by which to repay the \$25,000 payment made to him in November 2014.

Allegation 4: Mr. Manbahal received an additional payment from City funds in 2014.

FINDING: Not Sustained. The Investigator finds that whether Mr. Manbahal received an additional payment of funds in 2014 could neither be proved nor disproved given the existing evidence.

RATIONALE FOR FINDING: This allegation arose after the Investigator's original interview with [REDACTED] in which she stated that Mr. Manbahal was given a salary advance around the time of his hire in the amount of \$5,000 to \$10,000. Because the timing, amount and type of the payment were different than what all of the other witnesses had stated, Mr. Miyahira asked the Investigator to expand the scope of the investigation to include this allegation.

With the exception of [REDACTED], all of the witnesses stated that Mr. Manbahal was given a payment of \$25,000. Mr. Manbahal admitted that he was given a payment of \$25,000 in November 2014. There is significant documentation that Mr. Manbahal was given a payment of \$25,000 in November 2014. [Exhibits 1, 2, 4, and 10.]

[REDACTED] was tentative in her first interview when she discussed the details of the payment. She knew that there had been a payment and that Mr. Manbahal was paying it back using deductions to his accrued leave time. However, she was uncertain about the details of the payment, i.e. how much it was for, when it was made, and the type of the payment. When the Investigator interviewed her a second time, she was even less certain and stated that she really did not remember any of the details about the payment. As a result, the Investigator could not request corroborating documentation because there was insufficient information to narrow the scope of the request for information. Similarly, the Investigator could not request documentation that disproved that there was no additional payment to Mr. Manbahal because that would require proving a negative.

Mr. Manbahal admitted to receiving and cashing a \$25,000 payment in November 2014. Mr. Manbahal denied receiving any other large payments from the City during his employment, other than reimbursements for regularly incurred business expenses. Mr. Manbahal answered against his own self-interest in response to several questions posed by the Investigator, which leads the Investigator to conclude that he was credible in most or all of his responses.

Thus, the Investigator finds that whether Mr. Manbahal received an additional payment of funds in 2014 could neither be proved nor disproved given the existing evidence.